
Good morning! It is a pleasure to be here to present an industry perspective on the Memorandum of Understanding, which is being signed today.

Although I could speak at length on the many challenges and accomplishments made by the industry since the previous MOU was signed in 1989, I prefer to focus my remarks on a topic that has been instrumental in contributing to that success – **Cooperation and Partnership.**

A commitment to this cooperation will continue to provide the vehicle to work together to seek solutions that will go on to strengthen safety and environmental performance, remove barriers inhibiting the development of evolving technology, and open areas unavailable to exploration and production activities.

The benefits from such cooperation are numerous and are apparent in several recent examples, including the MOU, revisions to API RP 75 ...SEMP, development of performance measures, NOSAC subcommittees, Deepstar, best practice's workshops and efforts to improve our nation's marine transportation system. And I would like to comment on each of these starting with the new MOU.

During the meetings leading to the new Memorandum of Understanding, very candid exchanges and innovative suggestions resulted in a more efficient alignment of responsibilities. The final document emphasized requirements that were clearly defined, minimized duplication, and recognized evolving technology.

SEMP is another example of this partnership.

The Minerals Management Service's announcement of its Safety and Environmental Management Program (SEMP) in 1991 demonstrated the offshore industry's commitment to safe and environmentally responsible operations.

Performance measures came next to help determine the impact of SEM. It's hard to overstate their value.

The offshore industry worked cooperatively with the MMS and the U.S. Coast Guard to develop quantitative measures to provide an insight into the safety, environmental and regulatory compliance performance of OCS oil and gas operations.

As with any program ... whether sporting events or in this case ... implementation of SEM, measures to identify progress and to target opportunities for improvement are important.

Early data from operators suggest that recordable and lost workday incident rates for OCS operations were better than most industries. Future surveys should include a greater participation of operators to statistically validate this trend. In addition, the survey highlighted the high level of participation of contractors in OCS operations.

Integration and alignment of operators and contractors are critical as the industry moves into the next century. Changes to API RP 75 ... SEM provided another opportunity for all stakeholders to work together to improve the program.

In July of this year, the Second Edition of SEMP was published. Changes were made to emphasize the role of contractors, the importance of considering human factors and included of performance measures. All stakeholders actively participated.

Next, measuring the impact of SEMP led to another partnership ... the sharing of data and the sharing of best practices.

Recently, the performance measures were used to identify pacesetter operators in order to allow them to share their best practices with other operators and contractors. Presenters echoed a consistent theme that leadership and commitment by management to promote a cultural change can achieve the goal of "incident free" operations.

Our ability to explore and develop oil and gas resources is based on the trust and the permission of the public. Communication of our technology and positive safety and environmental performance must be done more effectively to gain this trust. This will help open areas that are presently closed due to moratoria and other reasons.

Other examples of cooperation and partnership are the many recent accomplishments of NOSAC and Deepstar.

Because of the significance of safety performance, improving the process of collecting and reporting incident data to the MMS and USCG is vital. A diverse team sponsored by NOSAC was formed in April to address this issue. I encourage the MMS and USCG to consider and implement the team's recommendations that were made last month.

An early example of participation and cooperation was the effort of NOSAC to bring together individuals with diverse backgrounds to provide input to the USCG on Subchapter N. Proposed regulations impacting lifesaving, fire protection and work place safety for facilities and vessels operating on the OCS are expected soon. As these regulations are changed to implement the MOU - I see that same level of participation and cooperation continuing.

Deepstar continues to foster cooperation and collaboration to seek low risk technology as the industry explores and produces hydrocarbons in deepwater.

The **prevention of incidents** is even more important than reporting them. A major theme of the best practices workshops was the sharing of proactive processes and tools implemented by operators to prevent incidents.

MMS and USCG efforts to share the findings of incident data through safety alerts and lessons learned, using email and Internet web sites -- will help to provide information and trends to better focus the commitment of resources. By continuing to work together, additional opportunities will be identified to enhance the performance of OCS oil and gas operations.

An example of participation at a national level is the undertaking to improve the U.S. marine transportation system.

Admiral North, at the NOSAC meeting in New Orleans, stressed the significance of a cooperative endeavor of many federal agencies, including the MMS, to improve our Nation's marine transportation system. The process involved seven regional listening sessions concluding with a national conference in Washington last month hosted by Secretary of Transportation Slater. Involving all the stakeholders will help ensure that the solutions found will allow America's marine transportation system to operate in a safe, environmentally sound and efficient manner with the large increase in business expected as we move into the next century.

These examples of cooperation and partnership that I discussed have enhanced safety and environmental performance and will support the development of evolving technology. Working together ... more positive outcomes will take place.

At this time, I would like to recognize and acknowledge the individuals and organizations that contributed to this MOU. First, thank you Sharon Buffington with the Minerals Management Service and Rajiv Khandpur with the United States Coast Guard, for moving, perhaps prodding is a better word, this essential issue forward within their respective agencies. Many individuals in both agencies contributed --- their efforts are also greatly appreciated.

Although the MOU is being signed in Washington, input from personnel of both agencies in the Gulf of Mexico, helped to better align the MOU with the specific needs and responsibilities of the area. Don Howard, MMS GOM Regional Supervisor, Field Operations and LCDR Bill Daughdrill who is able to join us today from the 8th District, United States Coast Guard provided that support and coordination.

In attendance this morning is Steve Brooks with Exxon and Rick Meyer with Shell who both played a role. I would also like to recognize two others, who were unable to join us today, Peter Hill and John Mello with W.H. Linder and Associates, for their participation. Members of the Offshore Operators Committee, the American Petroleum Institute and the International Association of Drilling Contractors provided vital support.

They provided knowledge, commitment and the time to help the MOU move into the future ---- as the industry continues to explore and develop energy resources in deepwater, even during difficult economic conditions.

As implementation of the MOU progresses, I encourage that the same processes that have gotten us here, continue. With industry moving to greater implementation of SEMP and both agencies embracing the guiding principles of Prevention through People, future regulations and initiatives are taking on a more performance-oriented approach rather than prescriptive compliance requirements.

What we need are solutions that work. I am talking about ways of working that keep employees safe and protect the environment that we, not only work in, but that we also enjoy for all that it has to offer. Nothing is more important than this, and personally, I have never felt more certain that industry and government are on the right track.

Because of the many changes taking place in our industry and to accelerate the implementation of the MOU, I encourage the MMS and USCG to establish teams at headquarters and in the Gulf of Mexico. These teams will be able to more efficiently communicate and collaborate by working with all stakeholders, to promptly prioritize opportunities and identify resources. Solutions that maximize our shared public stewardship concerning safety and environmental performance should be the goal.

We have really re-defined our relationship in the 1990's. We have done it together - - no one group or company or agency could have done it alone. And everyone benefits as we move into the next millenium.

Again thank you for inviting industry to participate in the process and allowing me the opportunity to share these comments.